

Sino-Soviet Bloc Agricultural Aid to Underdeveloped Countries

The \$98 million of Sino-Soviet Bloc agricultural aid extended to underdeveloped countries since 1954 is a small proportion of total Bloc credits of over \$2 billion. It is concentrated in agricultural equipment, irrigation projects, model farms, and agricultural complexes. In Burma and Ceylon, Soviet agricultural aid constitutes a major segment of total Soviet credits.

The 88-95 Bloc agricultural technicians in underdeveloped countries are concentrated in Syria, Burma, and Ceylon. Approximately 20 agricultural students from the underdeveloped countries were studying in the Soviet Union in 1957. Eighteen of these received scholarships from the Food and Agricultural Organization under the United Nations Technical Assistance Program.

The Middle East

Egypt has been offered 18 scholarships in the field of agricultural education by East Germany but has not accepted them. 1/ At present there are two Egyptian engineers in Moscow studying desert reclamation.

Under the Soviet \$7.5 million credit to Syria, 12 projects that will contribute to agricultural development are planned. In 1958, 20 Soviet technicians were conducting agricultural development surveys in Syria.

Construction of a dam at the Darunta irrigation project in Afghanistan was approved in December 1957.

Asia

Cambodia

In July 1957, 50 percent of the \$1.43 million of counterpart funds generated by the sale of Communist Chinese aid goods was allocated for the building of dams and canals that will irrigate 27,500 acres. 2/ There were some Chinese technicians in Cambodia during 1958 connected with irrigation projects.

Indonesia

Czechoslovakia has given aid to an irrigation project and recently extended a \$7.3 million credit for the purchase of agricultural equipment to be used on 3 rice-growing projects outside of Java. 3/ Part of the \$100 million Soviet credit extended in 1958 will be spent on agricultural projects.

India

Following his 1955 tour of India, Khrushchev sent 5 shipments of equipment valued at \$1.5 million for a farm of 30,000 acres. The site selected by the Indian government at Rajasthan has no water for irrigation and its acreage is insufficient in terms of the equipment sent. Irrigation facilities may become available when the canals from the Bhakra-Nangal project in the Punjab reach Rajasthan. 4/ Seven Russian experts came with the equipment in 1957 but stayed only 6 months. A Soviet offer to train 1,000 Indian farm youths in modern agricultural farming has not been accepted.

# Burma

Under a \$9.5 million credit the Soviet Union is constructing 2 small irrigation dams at Kyetmanktaung and Thitson and horse and oxen plow factory. Both the US and the IBRD turned down Burma's request for this project. The loans are repayable in rice or foreign exchange over a 12 year period at 2½ percent interest. Burma has deferred until 1959 the drawing on these credits because of its inability to meet local currency costs. All procurement of equipment must be made in the USSR and the value of the goods to be delivered and the rice to be received in payment is to be determined later. 5/ In 1957, the USSR set up a fruit farm of 5,000 acres in Central Burma. 6/ The cotton producing areas of Burma are unirrigated. In 1956 the Burmese Land and Rural Development Corporation worked with Israeli and Soviet teams on irrigation experiments. 7/ A Soviet offer to construct a large irrigationwork in the Mz River Basin has not yet been accepted. A request for this project is now under consideration by the International Bank for Reconstruction and Development. The Russian financed technological institute at Rangoon will conduct a class in Food Products technology. 8/

More than 20 Soviet agricultural technicians were in Burma in 1958. Two of the Soviet technicians were members of a United Nations team of hydrologists studying the development of water resources. In 1958 most of the experts were working on irrigation projects, soil classification

SECRET

and research, the construction of machine tractor stations, a 5,000 acre model farm, and plant breeding. The inclusion of a Soviet state farm expert in the mission may indicate a Burmese inclination to experiment with collectivization for which provision is made in the Burmese constitution.

#### Ceylon

Under the \$30 million Soviet credit extended to Ceylon in 1958, provision was made for the surveying and designing of irrigation and hydroelectric engineering projects and the development of land for the planting of sugar cane, cotton, and rubber. Ceylonese students will also be sent to the Soviet Union for training in industry and agriculture. 9/ Five hundred tons of Russian jungle clearing equipment arrived in September 1958 for the Kantalai sugar complex as part of the Soviet credit. Sixteen hundred acres are planted in cane and additional planting of 1,600 acres each year are to be made through June 1961. Czechoslovak equipment for the sugar factory to be constructed on this site had not arrived in October 1958. The total allocation of aid for this project aside from the land-clearing equipment has not been determined.

In 1957 Communist China concluded with Ceylon a 5-year commodity credit agreement for \$15.75 million to be used for a rubber replanting program. At that time China owed Ceylon approximately \$2 million for rubber purchases made over a 5-year period. 10/

SECRET

The USSR has sent teams to study irrigation, and agricultural experts and tractor drivers to work on the Kantalai sugar project. The USSR offered technical assistance for the expansion of food production and natural rubber with the stipulation that it would be prepared to buy rubber on a mutually beneficial basis. 11/ Under the Soviet credit facilities were offered for training Ceylonese students of higher learning in some fields of industry and agriculture. 12/

Offers and Other Projects

Unaccepted overtures of agricultural technical assistance and credits were made to Yemen, Turkey, Pakistan and Iran by the USSR.

Projected multipurpose dams, hydroelectric schemes, and river surveys should benefit the agricultural sectors of the underdeveloped economies. Such projects are either underway or completed in Egypt, Syria, Iran, Afghanistan, Brazil, and Iceland.

Next 5 Page(s) In Document Exempt